

ROUTING

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday June 8, 1976

CI NIDC 76-134C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Tuesday June 8, 1976

[REDACTED]
[REDACTED] The NID Cable is for the purpose
of informing senior US officials.

LEBANON-SYRIA

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[REDACTED] In addition to the 3rd Armored Division, several bat-
talions of infantry and armor that were in Lebanon before yes-
terday's push are probably now involved.

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[REDACTED] Lebanese aircraft apparently assisted the Syrian drive
yesterday. The US Embassy received reports that the aircraft at-
tacked several positions in eastern Lebanon and along the Beirut-
Damascus highway.

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[] Israeli Prime Minister Rabin apparently is under little political pressure to react militarily to Syria's moves in Lebanon. Two of his prominent conservative critics, Moshe Dayan and Menahem Begin, leader of the Likud opposition coalition in the Knesset, last weekend joined Israeli government leaders in urging that Israel stay out of the Lebanese conflict.

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[] Dayan said in a press interview that he opposes Israeli intervention even if the Syrians occupy Beirut and go below the so-called "red line," which the Rabin government has repeatedly warned Damascus against crossing.

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[] Syria's rapidly increasing military involvement in Lebanon prompted still more widespread clashes yesterday between fedayeen from the Syrian-controlled Saiga group and the larger, independent Fatah group. Fatah, backed by a wide array of Lebanese leftists, inflicted heavy losses on Saiga personnel and facilities in Beirut, Sidon, Tyre, and less important towns in southern Lebanon.

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[] Fatah and "rejectionist" fedayeen forces suffered losses themselves, however, in areas where Syrian regular forces were in a position to back up or come to the immediate aid of Saiga forces.

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[] Fatah and Lebanese leftist forces apparently became involved in direct clashes with Syrian troops north of the Baydar Pass near the towns of Aynturah and Tarshish, and west of the Baydar Pass near Ayn Sawfar. Syrian forces yesterday were threatening to push beyond Ayn Sawfar toward Alayh, a leftist stronghold and the home of leftist leader Kamal Jumblatt.

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[] Fatah, which until now has attempted to avoid a military showdown with the Syrians, may no longer be able to avoid unrestrained involvement in the clashes as a result of heavy attacks yesterday on almost all Palestinian refugee camps in Beirut. Lebanese aircraft reportedly conducted airstrikes on the camps and in fedayeen-controlled areas of western Beirut. The camps were also shelled heavily, presumably by Syrian and Lebanese Christian forces.

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[] Fatah chief Arafat's prestige will be diminished by his inability to prevent or effectively counter the Syrian attacks, and radicals within his own organization will call for still more active resistance to the Syrian military initiative.

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[] Syrian media yesterday condemned Fatah for the increased fighting in Lebanon and charged that the formation of a joint military command between Fatah and some Lebanese leftist groups last weekend was designed to "fragment Lebanese unity so part of Lebanon could become a substitute for Palestine."

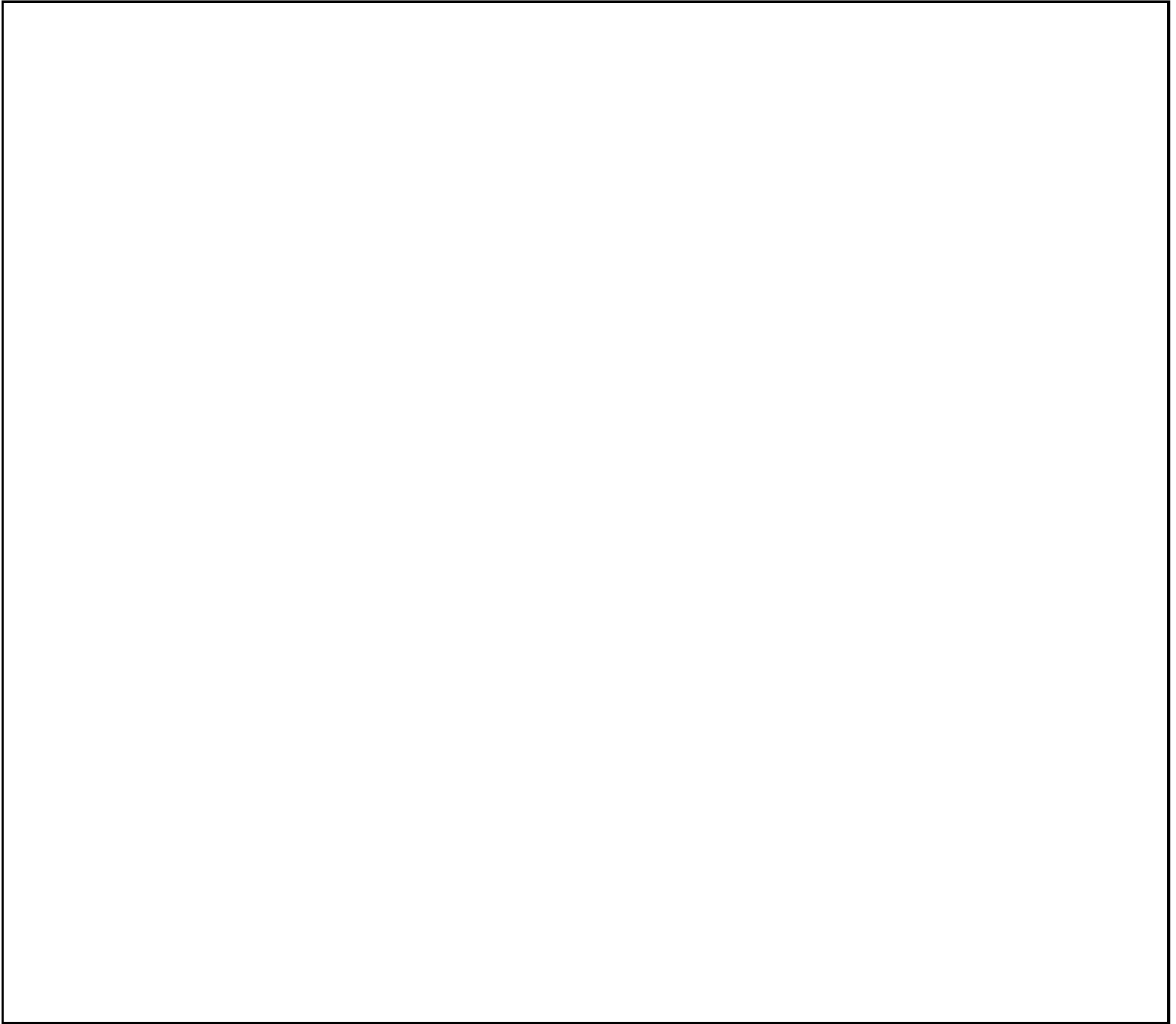
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[] Despite all this, there were indications that the Palestinians and Syrians had agreed to a truce last night. Damascus radio quoted an "official source" in the Palestine Liberation Organization saying that the two sides had agreed to "halt firing throughout Lebanon."

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[] Later in the day, a leftist-controlled radio station in Beirut announced that Libyan and Algerian mediators had proposed a cease-fire that had been accepted by both the Palestinians and the Syrians.

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UK

 //The British government received good economic news yesterday, but the Conservative opposition continues to press its attack on Labor's economic policies.//

25X1 [] //Sterling rebounded by more than 2 percent to \$1.755 following the Bank of England's announcement that it had arranged a standby credit of over \$5 billion.//

25X1 [] //The US, Canada, Japan, and West European members of the Group of Ten joined with Switzerland and the Bank of International Settlements to extend the credit for as long as six months. The US share is \$2 billion.//

25X1 [] //The announcement's positive impact on the pound was reinforced when the National Union of Mineworkers accepted Chancellor of the Exchequer Healey's pay guidelines. This news helped boost the value of the pound 4 cents in a matter of hours.//

25X1 [] //The size of the credit line and the reports last Friday of coordinated intervention efforts to buoy the pound could lead to a relaxation of the speculative positions that had contributed to the pound's severe decline. British officials have been stressing that the pound is undervalued and appear to look favorably on an exchange rate between \$1.80 and \$1.85. We believe this is a realistic range.//

25X1 [] //If sterling remains firm, the government will be able, at least temporarily, to avoid budget cuts that would pose political problems. Labor members of Parliament oppose further cuts in public spending, while the Conservative opposition has been demanding substantial budget reductions in order to restore confidence in sterling.//

25X1 [] //Despite sterling's recovery and Labor's postponing the controversial bill to nationalize the shipbuilding and aircraft industries, the Conservatives plan to introduce a censure motion today for debate in Commons tomorrow and Thursday.//

25X1 [] //The Tories probably hope their confidence measure, which will be voted on Thursday, can attract solid support from the usually fragmented opposition. Early indications of parliamentary sentiment, however, suggest the Conservative motion will fail to attract majority support. Labor is three seats short of an overall majority in the House, but Liberal, Welsh, and Scottish members of Parliament probably will abstain to allow Prime Minister Callaghan to survive this Tory attack. []

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FRANCE-NATO

25X1 [] President Giscard d'Estaing and Chief of Staff General Mery discussed in public for the first time last week trends in French wartime contingency planning with NATO.

25X1 [] Paris has been quietly working on such plans for years, but Giscard gave the effort new impetus when he took office two years ago. Government spokesmen have insisted that Giscard's remarks reflect no change in the Gaullist military doctrine. In order to put his personal mark on defense planning, however, Giscard seems to be exploiting ambiguities in the doctrine, as well as the need to give new attention to balancing Warsaw Pact conventional capabilities.

25X1 [] Giscard reiterated the need for a strong nuclear defense, but like Mery, he emphasized the requirement for stronger conventional forces to give France an option besides strategic nuclear response in wartime.

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25X1 [] Within Europe, France should be prepared to participate as a "second echelon" in the "first battle" in "forward areas"-- an apparent reference to West Germany's eastern frontier. Mery, however, ruled out the stationing in peacetime of French troops along NATO's eastern front.

25X1 [] With such reasoning, Giscard and Mery move France closer to NATO's "flexible response," which gives more emphasis than Gaullist doctrine to planning for a conventional war in Europe, and to NATO's commitment to "forward defense," which calls for allied defense lines on NATO's eastern borders.

25X1 [] Mery noted that French conventional forces must be sufficiently numerous to balance those of West Germany. This is consistent with Giscard's belief that roughly equal capabilities are a prerequisite for closer Franco-German cooperation, which in turn is necessary for greater West European unity and to enhance West Europe's role in the Western Alliance. Mery noted, however, that while the US is now "too preponderant" in the Western Alliance, it is "difficult to conceive" of a European defense 25X1 totally independent of the US.

25X1 [] While Bonn and the other allies share Paris' desire to develop a European arms industry, they have so far succeeded in containing French efforts to dominate European defense.

25X1 [] Concerns of France's allies over the state of European defense, their doubts about US reliability, and the increased cost of high technology weaponry are resulting in a new willingness to make some concessions to Paris as a price for improved defense cooperation. France and West Germany are still at odds over who should take a leading role, but German agreement made possible the decision in February by France and its allies to meet outside the NATO framework to work out arrangements for joint arms procurement and manufacture. The EC members had already agreed to meet regularly to discuss the implications for West European defense of the Vienna force reduction talks.

CUBA

25X1 [] Prime Minister Fidel Castro announced Sunday night in Havana that Cuba is gradually withdrawing military personnel from Angola in accordance with an agreement with the Angolan government. He underscored the gradual nature of the pull-out and tied its completion to the length of time needed to organize, train, and equip a professional Angolan military establishment.

25X1 [] Armed Forces Minister Raul Castro visited Angola, Congo, and Guinea over the past week, most likely to explain the Cuban action and to resolve any concerns it may have raised among black African leaders.//

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25X1 [] Castro is anxious to erase the impression of aggressive action that Cuba's Angolan venture has created, and to undercut any criticism of the Cuban intervention that might arise in meetings like the General Assembly of the Organization of American States now under way or the nonaligned summit meeting in August. A public display of disembarking returnees would add substance to his promises and alleviate domestic concerns as well.

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25X1 [] Castro on Sunday emphasized the long-term nature of the withdrawal. He reiterated that Cuban civilian aid to Angola is increasing but indicated that the number of civilians would never approach the number of military personnel at its peak. He did not give figures for the Cuban presence in Angola, saying only that a force strong enough to guarantee Angola's external security would remain until the Angolans were able to defend themselves without assistance. []

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ARAB STATES

25X1 [] The Arab League foreign ministers will meet in Cairo today to discuss Syria's intervention in Lebanon. The meeting is in response to a call last week by the Palestine Liberation Organization. Syria will doubtless boycott the meeting.

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[] Fifteen of the 20 Arab states have thus far agreed to attend. Their consent to the meeting is evidence of growing apprehension among the Arab states about Syria's actions in Lebanon and particularly about its clashes with the Palestinians.

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[] Until now, most Arab states have been reluctant to interfere with Syria's handling of the crisis, and previous calls for an Arab League meeting by Syria's critics in Egypt and Iraq have gone unanswered.

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[] Saudi Arabia is among those that have agreed to the meeting, suggesting some slackening of Saudi support for Syria's role in Lebanon. There are indications that some of the other Arab states that had earlier approved Syria's actions are now beginning to have second thoughts.

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[] Egypt will press at the meeting for the formation of a joint Arab military force to replace or at least to balance Syria's forces in Lebanon. Cairo has long been advocating such a force but could not until now gain enough support from the other Arab states even to convene a meeting to discuss the issue.

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[] The other Arabs will still be reluctant to participate in a pan-Arab force in the face of Syrian opposition, and the logistic problems involved in forming and transporting such a force would be massive.

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[] The Arabs will most likely opt first for a serious negotiating effort to bring about a Syrian withdrawal, possibly using the threat of Arab intervention to force a pullback. Fatah leader Yasir Arafat, in fact, has already called for an Arab summit to follow the foreign ministers' meeting, suggesting that he envisions further political pressure before any military move is undertaken.

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[] If negotiation fails, however, and if Syria appears on the point of effectively neutralizing the Palestinian movement--as Jordan did in 1970 and 1971--several of the Arab states might be willing to take concrete action.

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USSR-SYRIA

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[REDACTED] //Syrian officials and foreign diplomats in Damascus have indicated that Premier Kosygin's talks there last week were prickly. The uninformative communique issued on Friday seemed designed to mask these differences.//

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[REDACTED] Since Kosygin's departure, the USSR seems to be trying to straddle the Syrian and Palestinian positions. On Sunday, *Pravda* offered lukewarm support for Syria, saying Syrian troops have "helped ease" the situation in certain areas of Lebanon. Other press reports indicate that the Soviet ambassador to Lebanon has met with an official of the Palestine Liberation Organization to tell him of Kosygin's efforts to secure a Syrian pullout.

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[REDACTED] //Syrian foreign ministry officials have told the US that Kosygin was concerned over a possible Syrian rapprochement with Egypt. The Soviets, therefore, probably took some

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satisfaction from Syria's rejection in the communique of "partial and separate" steps toward a Middle East settlement and its criticism of "some" Arab countries for joining the "imperialists." The Soviets were unable to persuade Syria to go beyond its earlier tepid endorsement of the Geneva conference.//

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[] There was no sign during the visit that Kosygin's main purpose was to fashion a "rejectionist front," as some diplomatic and press speculation has held. There was some stiffening in Soviet rhetoric during the visit, but Moscow still appears wary of basing its Middle East policy on the militant Iraqi and Libyan approaches to the Arab-Israeli conflict.

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[] //The USSR and Syria publicly announced agreements on economic and health cooperation and on a consular convention. These accords, originally prepared for the visit of General Secretary Brezhnev that never came off last year, put a positive gloss on Kosygin's stay. The Syrians say they repeatedly chided the Soviets for delays in implementing economic projects.//

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[] Military issues were probably discussed in general terms, but the composition of Kosygin's delegation suggests that no major new arms agreements were concluded. On several occasions, however, the Soviet Premier restated Moscow's intention of continuing the buildup of Syrian military capabilities. []

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POLAND

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[] Polish party leader Edward Gierek's five-day visit to West Germany, which starts today, will emphasize recent progress in political relations but will fall short of producing a full reconciliation between Warsaw and Bonn.

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[] Warsaw hopes that the visit will result in expanded economic ties and in greater Polish access to West German technology and markets. West Germany is already Poland's largest Western trading partner. []

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25X1 [] The most controversial issue is the portrayal of the trip itself. Bonn wants to describe it as the final reconciliation between the two states. Warsaw refuses to go this far, saying that the talks are but another step in that direction and that more specific progress must be made before the effects of World War II can be erased.

25X1 [] Late last week, agreement on the final communique and several other documents still had not been reached, suggesting that the talks probably will accomplish less than either side desires.

25X1 [] Gierek, who will be given treatment normally reserved for heads of state, will be greeted personally by Chancellor Schmidt in Hamburg. Schmidt will entertain Gierek at a small dinner party in his home in order to establish a close, informal tone for the visit. []

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USSR

25X1 [] The US embassy in Moscow reports that rumors there of a Central Committee plenum being held this month have ceased.

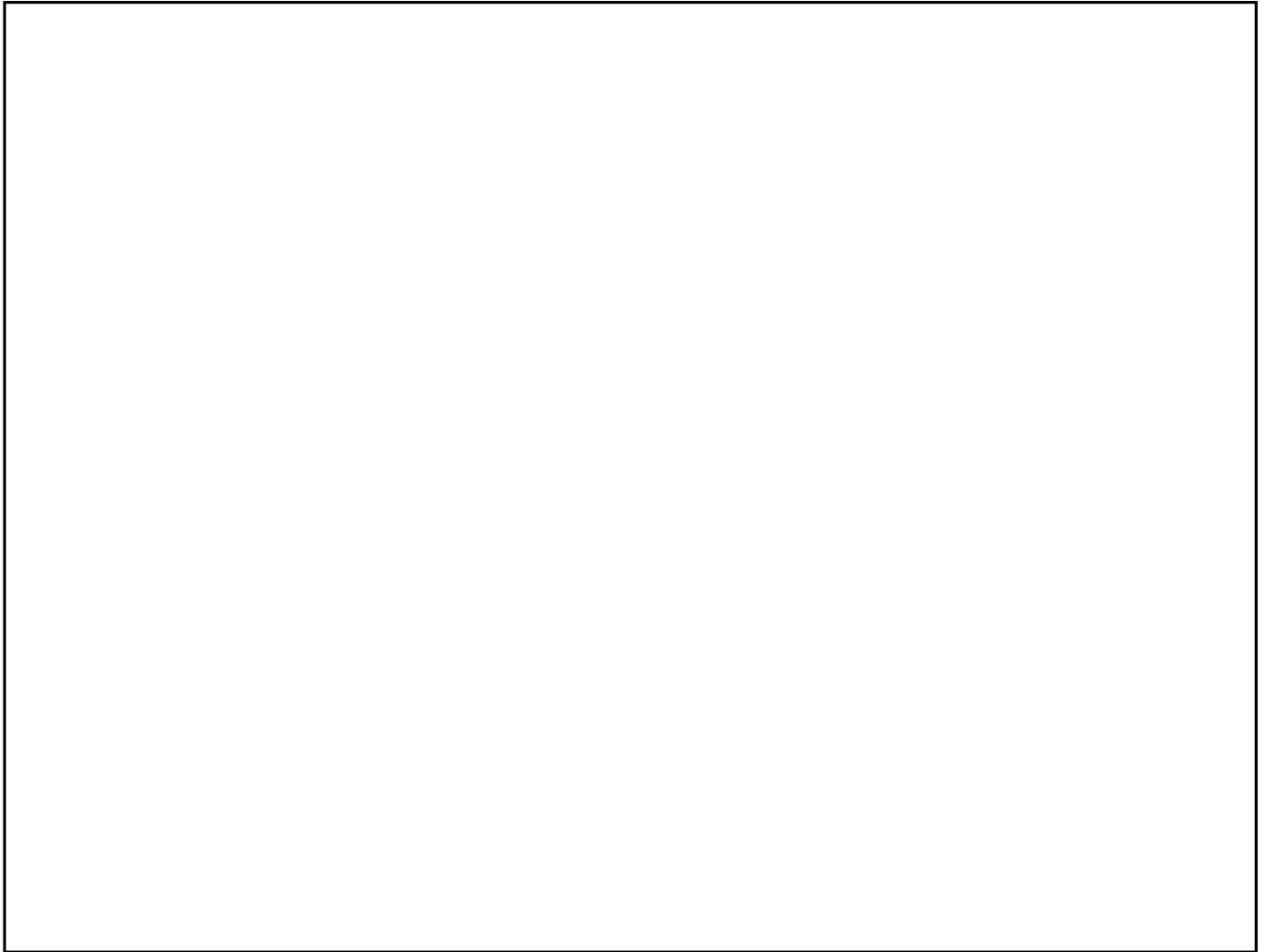
25X1 [] Viktor Louis, a frequent purveyor of rumors to Westerners, says that a plenum this month is not possible because of "busy schedules." Another usually well-informed Soviet contact of the embassy says the meeting was postponed because of a complicated set of leadership problems, including rumored personnel changes. The sense of imminence in Moscow about personnel changes now, however, seems to have evaporated.

25X1 [] We have never had any solid information that a plenum was scheduled for this month. Party rules require that plenums be held at intervals of no longer than six months. The most recent one was held on March 5, at the end of the party congress, so one should be held on or before September 5.

25X1 [] Plenums have frequently, but not always, been held in June, July, or August, in connection with midyear sessions of the USSR Supreme Soviet, but even those midyear sessions have been skipped on occasion. One Soviet source says an announcement came through "official channels" in March or April that the midyear session of the Supreme Soviet, normally held in June or July, has been postponed until September.

[] A Supreme Soviet session must be announced 30 days in advance. Central Committee plenums are usually held without prior public notice. []

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USSR-PORTUGAL

[] The Soviets tried to use the visit of Portuguese Foreign Minister Melo Antunes to the USSR last week to demonstrate that bilateral relations remain cordial despite the fall of the Goncalves government last September and the left-wing debacle in November.

25X1 [] Antunes received an audience with General Secretary Brezhnev, who expressed "sympathy and solidarity" with the Portuguese people.

25X1 [] Although no formal agreements were reached, Antunes' talks in Moscow were described as "friendly" and included discussion of means to implement economic cooperation agreements previously negotiated.

25X1 [] The situation in southern Africa apparently came in for intensive discussion. Antunes, who has been under fire at home for the failure of his Angolan policy, probably asked the Soviets to intercede with the Angolan government concerning the latter's recent break in diplomatic relations with Portugal.

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EUROPEAN COMMUNIST MEETING

25X1 [] The preparatory meeting for the conference of European communist parties scheduled for East Berlin this week may be delayed.

25X1 [] Konstantin Katushev, the Soviet party secretary for relations with ruling parties, held talks in Belgrade over the weekend to seek Yugoslav support for revisions in the conference documents to be discussed in East Berlin. Katushev's talks were described only as "long and frank," a sure sign of substantial disagreement. Katushev yesterday delivered to President Tito a letter from General Secretary Brezhnev that presumably contains Moscow's latest offer. Katushev returned to Moscow later in the day.

25X1 [] This was the first time in 18 months of preparations for the conference that a top Soviet official went to Belgrade to lobby for Yugoslav cooperation on the eve of a drafting session.

25X1 [] During the week before Katushev's visit, Yugoslav media carried accounts of Moscow's increasing impatience to hold the conference as soon as possible but also repeated Belgrade's assertion that "essential problems" remain unresolved.

25X1 [] A Yugoslav party delegation went to Bucharest on Saturday, presumably in order to tighten bilateral party ties and to find out what accommodations the Romanians have made under the increased Soviet pressure of the past several weeks.

25X1 [] Bucharest sent Stefan Andrei, party secretary for foreign relations, to Milan over the weekend for talks with Italian Communist leader Berlinguer and a principal subordinate. Andrei's talks with the Italians suggest that he is attempting to explain, and possibly to reassess, Bucharest's response to Moscow. []

CYPRUS

25X1 [] The UN Security Council will consider another six-month extension of the UN peace-keeping force on Cyprus this week. There are indications the Greek Cypriots will try to broaden the debate to include discussions of the moribund intercommunal negotiations and Turkish policies in northern Cyprus.

25X1 [] Cypriot President Makarios has sent Foreign Minister Christophides to New York with instructions to draw attention to Turkish colonization and expulsion of Greek Cypriots from the north. Christophides is also likely to sound out Secretary General Waldheim and Council members on ways to strengthen the UN's role in working toward a Cyprus settlement.

25X1 [] Greek Cypriot charges that their kinsmen in northern Cyprus have been mistreated may find some support in Waldheim's report to the Council, but neither the Secretary General nor Council members are likely to favor modifying the UN role in the talks, partly because of strong Turkish objections.

25X1 [] UN officials will concentrate on securing approval of an agreement worked out with the Turkish Cypriots that permits UN forces to continue their humanitarian activities in the north. 25X1 An effort will probably also be made to reactivate the intercommunal talks--which are now stalemated over the territorial question--on terms acceptable to both sides. []

WEST GERMANY

25X1 [] West German unemployment fell 140,000 last month, dropping below the 1 million level for the first time in 16 months.

25X1 [] Most of the decline reflects the normal increase in May hirings, but the drop will still have strong psychological impact on the West German voter. It should help the Social Democratic Party regain the momentum lost earlier this year when political ineptitude at the local level and internal party squabbling tarnished its image.

25X1 [] The national election on October 3 still may be a close contest, but Chancellor Schmidt's vulnerability on the unemployment issue will continue to decrease. The favorable seasonal influence of the summer months, combined with a buoyant economy, could cut unemployment from the present 4.2 percent to about 3.5 percent by election day. At its peak five months ago, unemployment hit nearly 6 percent on a seasonally unadjusted basis.

25X1 [] Economic recovery in general has been quite strong, and opposition leaders have privately admitted that they will not be able to make the state of the economy a political issue. Real gross national product grew at about an 8-percent rate in the first quarter (seasonally adjusted)--nearly as fast as US growth. Most forecasters have raised their 1976 projections for West German gross national product in recent weeks; the range of growth rates now being predicted runs between 5 percent and 7 percent. []

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